

Keynote Speaker Day 1: Leon Fuerth

Transnational Organized Crime as Complex Adaptive Behavior: Anticipatory Governance as Response

The extent and depth of knowledge – both scholarly and operational -- represented in this room is very impressive, and it is a pleasure to have this opportunity for an exchange of views. Here's what I plan to talk about: first, I want to identify transnational organized crime (TOC) as an especially dangerous example of what theorists would call complex adaptive behavior; and second, I will describe how what I call anticipatory governance can be applied in this specific instance.

There was an article in the June 17th NY Times magazine, called The Snow Kings of Mexico by Patrick Radden Keefe. Did anybody see that? I've checked around with some knowledgeable people, and as far as I can tell, the article is a solid and accurate discussion of the operations of two drug syndicates in Mexico: the Sinaloa and the Zetas. So, I will use the article as an unclassified surrogate for the kind of all-source information you might otherwise expect to work with.

From the article, it appears that the Sinaloa group is a network -- neural network comes to mind -- that "learns" in the sense that it adapts its behavior to conditions. This network not only reacts to its environment, but works to define it: by anticipating oncoming opportunities for expansion and getting into those fields first. It features strong direction from the top, which provides tightly defined objectives and close monitoring of results compared against expectations, but seems to allow for substantial latitude for innovation at the bottom. In a way, it suggests an organizational approach like that of the Mafia. Zeta, on the other hand, is described as having a much more diversified approach involving many different interests not limited to the drug traffic. The author termed it a 'polycriminal organization' and in this sense Zeta brings to mind Al-Qaeda, with its "franchises." Zeta's taste for spectacular violence is another reason to think of Al-Qaeda.

A major concern at this conference is the possibility that criminal and terrorist networks could collaborate in ways such that the former would enable the latter to carry out strikes against the United States. If one were to guess whether an organization like Zeta or Sinaloa would be the most likely to enter into such an arrangement, you might pick Zeta as the candidate. Either organization, however, has at its disposal multiple systems for moving money and drugs, which are in

principle able to provide financial and logistical support for acts of terror within the United States.

The inherent dynamic of these organizations is to undermine systems of social organization that impede their operations. In the process, the foundations of healthy civic life are eaten away – by corruption and by intimidation. Moreover, these systems do not appear to have built in stop-points. I usually avoid analogies, having been taught that analogies may at first enlighten but are ultimately likely to mislead. Nevertheless, cancer is a good metaphor. It becomes clear listening to all of this morning's presentations, just how profound the stakes are: the organizations involved in TOC thrive by means that attack the foundations of democratic governance under the rule of law.

Serial American strategies for dealing with TOC networks actually seem to cause them to undergo rapid mutations. Campaigns that seem to be effective, ultimately lead to more effective tactics on the part of the targeted organization. Success against syndicates like these appears to be local and temporary, and the adaptive behavior of these systems leap-frogs our strategies. The problem therefore, demands multiple concurrent attacks rather than serial responses on our part. Everything I have heard from speakers earlier this morning underscores the point that following our enemies' adaptations is a losing game: we must find a way to outmaneuver, which requires that we must not only detect what is underway now, but find ways to anticipate and shape what is coming.

Where is the starting point? It is clear that money is what animates criminal networks, but only so long as it can be laundered. If the money cannot be laundered, it's mere paper – and as the Times article graphically illustrated – literally bales of it, and useless in that form. This jibes with work done years ago at the Monterey Institute, in pioneering work done there on the organization of terrorist cells operating in Iraq. At the center of each cell, there could be found a link to money, such that targeting the link to money was tantamount to disabling the cell – and at higher levels, disrupting the system.

It's clear from the earlier presentations, that you are well aware that the money supplies for individual forms of TOC can merge into progressively larger, more complex and more adaptive systems. It follows that your plans for dealing with interlocking TOC and terrorist networks should be developed on the assumption that what can emerge are more highly organized, networked systems for financing and logistical services to an array of TOC networks. Finally, it also

seems clear that TOC networks, like so many legitimate enterprises, reach a point where further growth requires globalization, and some of the comments made today suggest that this is exactly what is happening. The globalization of international crime is the dark side of the globalization of international economic life.

There can be no final victory in this contest, because the ultimate source of the problem is deeply rooted in human nature. The objective really has to be to stay ahead of the game and to find ways to disruptively reset the terms of that game as often and as profoundly as possible. This would require an effort on our part, to anticipate alternative future developments, to apply our resources coherently through networked systems of governance and to use feedback systems as ways to accelerate awareness of the true state of the competition. These are, in fact, qualities that are required in general, if governance is to succeed in dealing not just with TOC, but with the total array of complex issues it faces.

Complex phenomena such as TOC are specific instances of a broader challenge for democratic governance. Today's legacy systems of government are based on models originating in the industrial experience of the United States, extending from the late 19th century all the way into the last quarter of the 20th. Our cabinet level departments were designed to handle specific missions – agriculture, commerce, defense, diplomacy, finance, etc. – and these missions in turn are fixed in law and by also by customary patterns of operation, including highly structured relationships between executive agencies and the congressional oversight system.

These arrangements are essentially linear: cause and direct effect; problems matched to precise solutions. But the world isn't organized that way. It is organized as a complex system in which all elements interact concurrently. In the realm of complex policy issues, no problems are ever permanently resolved: instead, they change shape. All problems interconnect: pull the string in one place and the configuration of everything in the system can be expected to alter. These alterations are not predictably smooth and linear, but unpredictably sharp and sometimes discontinuous. In a linear system, in response to changes of input, you expect output to change in a limited, proportionate way. In a complex system, small changes of state at the beginning can lead to disruptive, disproportionate, and unpredictable consequences. If you want to draw an example from history, one revolver shot kills the heir to the Austro-Hungarian throne, and five years later empires have fallen, the seeds for more revolutions have been sown, and world

history completely redirected -- and all of it from one event within a complex system.

Our systems of governance are still organized as if the world could be dealt with by linear means. We organize these systems to respond to external and internal events, as if they can still be dealt with in separate categories. Our systems are differentiated for handling near term and long-term issues, with emphasis favoring the short-term: forgetting that actions we take in the short-term have profound impact in the long-term; and that our objectives for the longer term should be integrated with actions we take in the short-term. We focus on rapid response, and not on foresight.

There is a way to compensate for this, by employing what I term anticipatory governance. Anticipatory governance is a proposal for a “system of systems” linking three elements, primarily at the level of the White House and its interfaces with executive branch agencies, through the interagency system. One element is a venue for bringing together foresight and policymaking; the second element is to use a “flat” network, as the military does according to its theory of net-centric warfare, to synchronize the impact of the resources that the US government can bring to bear on any cluster of issues. The third element is a feedback system to track the consequences of policies once they are enacted, and to report early signs that adjustments should be considered. It is possible to put in place a system that would perform in this manner. There are some instances where this is done in government, but it is not applied systemically. A comprehensive anticipatory system is more than just theoretically possible: it is feasible and doable within the limits of present law, customary presidential authorities, and within the envelope of personnel limits and budgets for the executive branch.

To what degree is such an overall approach specifically relevant to the challenge of TOC? TOC networks rapidly accommodate themselves to new opportunities, and adapt to new challenges from us. At least part of the time, they lead, and we play catch-up. The question is how we can speed up our responses to the point where we can change the terms of the game. I think we can do this through anticipatory systems with specific adaptations for dealing with TOC. There was a discussion this morning, as to whether terror networks and TOC networks are melding. I think the consensus among the experts was that this may be happening, although not yet on the scale of an existential threat. In the aggregate, however, TOC already represents a deep threat to civil society, even if is not at the level of mass terror. But the potential for that exists, and an

anticipatory approach would be looking for its earliest signs, and moving to cut it off in every possible way.

Thank you.
